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PRESS RELEASE

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Deficit Estimate Drops to \$260 Billion

Surging Revenues Continue to Drive Down Deficit

Surging federal revenues, generated by strong economic growth, have reduced the fiscal year 2006 budget deficit to \$260 billion, according to the revised estimates released today by the Congressional Budget Office [CBO]. The estimate includes the effects of Hurricane Katrina recovery efforts and supplemental costs for operations in Iraq and Afghanistan. This estimate is sharply lower than the \$296 billion figure announced by the Office of Management and Budget [OMB] in its estimate released last month.

The updated estimate was provided in CBO's Monthly Budget Review, which provides a brief analysis of actual spending and revenues for the current fiscal year. CBO's projections for the period 2007-2016 will be released on August 17.

“Even with the extraordinary circumstances of the past year – including Hurricane Katrina and the ongoing War on Terror – we’re seeing the deficit fall. Thanks to pro-growth policies and a responsible budget blueprint, we’re on the right track, but we’ve got to remain diligent in our efforts to restrain federal government spending to ensure this trend continues in the longer-term,” said House Budget Committee Chairman Jim Nussle (R-IA).

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